FOR MYSORE STATE

Development (1950) Department.

MS. SERIES.

11

G.O. No. 2184

Dated 31-5-1950

---

[Despatch Abstract.]

The Madras Industrial Investment Corporation Ltd.- Stamp duty on mortgage deeds executed in respect of loan advanced by the M.I.I.C. Ltd.- Reduction Examination — Papers Records

R. Suryanarayana Rao, B.A.,M.L.C.,
20 Edward Elliots Road,
Mylapore, Madras, 5th October 1949.

The Managing Director,
Industrial Finance Corporation of India,
New Delhi.

Dear Sir,

I have read with interest the First Annual Report of your Corporation and was pleased to note that the Corporation is rendering real assistance to industrial concerns in need of help. I understand in respect of documents executed in favour of the Corporation especially the mortgage deeds the stamp duty charged is on the basis of schedule of fees prescribed in the Stamp Manuals of each province. In respect of Madras the position is as follows:- If the properties conveyed are moveable properties the stamp duty is only nominal being only Rs.900/- if the value of properties conveyed is Rs.10 lakhs. As in respect of loans of the Corporation both moveable and immoveable properties, existing assets as also the assets to be credited (created) thereafter are to be conveyed, the stamp duty for conveyance is at present at the rate of Rs.15/- per Rs.1000/- Therefore the quantum of stamp duty payable will be considerable and many industries helped by your Corporation being in the formative or expanding stage will find it difficult to pay large sums towards stamp duty. I am sure the position is the same ~~xxxxxxx~~ in other provinces as well. The Joint Stock Banks grant loans on collateral security or as cash credit advances. In those cases the stamp duty, I understand, is the same as for Security Bonds. This is an additional argument why in respect of mortgage deeds for loans sanctioned by the Corporation the usual stamp duty charged for conveyance should be considered high.

2. May I therefore, request you to take up this matter with the Government of India and if necessary the Provincial and State Governments as well and see the Stamp duty in respect of deeds executed in favour of the Corporation is reduced. In this connection I may bring to your kind notice that on mortage deeds executed in respect of loand advanced under the Madras State Aid to Industries Act, the Madras Government have recently reduced the stamp duty to onethird . I enclose a copy of the G.O. , for your information Copy subd. for secy. to Govt. Ind. Dept. for information & necessary action.

I also learn that in respect of certain instruments of the Corporation the Central Government have, under ppwers vested in them under Act II of 1899, granted certain concessions. I venture to submit in respect of the other deeds also the Central Government may suo moto take action. However, it is for them to decide if the Provincial Governments should be consulted before action is taken.

3. As far as the Madras Government are concerned, it will be merely an extension of the privilege already accorded in respect of loans given under the Madras State Aid to Industries Act. They may be requested to take similar action in respect of deeds in favour of your Corporation. This can be easily done without waiting for action on the part of other Provincial Governments.

4. If you are successful in securing the concession suggested by me , may I respectfully represent it may be given retrospective effect and such excess amounts as have been paid towards state duty for instruments already executed in fagour of the Corporation may be refunded. This point may be kindly stressed in making representation to Provincial Governments especially the Madras Government.

5. Trusting this matter will receive your kind and prompt attention.

Yours faithfully
sd/-.....

- True copy-

Copy of letter No.99658-P&D-III/49-2 dated 29-10-49 from the Secretary to Government, Development Department, Madras to the Chairman, The Madras Industrial Investment Corporation Ltd."Kesava Bagh" Whites Road, Royapettah, Madras.

---

Sub: The Industrial Finance Corporation of India, New Delhi - Stamp duty in respect of deeds executed - Regarding-

---

I am directed to enclose a copy of letter dated 5-10-49 from Sri. R. Suryanarayana Rao, M.L.C. , addressed to the Managing Director, the Industrial Finance Corporation of India, New Delhi. A suggestion has been made in this connexion that the concession may be extended in respect of the documents executed in favour of the Madras Industrial Investment Corporation Ltd., for loans advanced by it to industries. I am directed to request you to offer you remarks on this suggestion.

- True copy-

RR.7.9

-5-

Copy of letter No.11/49 dated 3rd May 1950 from Sri.R.K.Shanmukham Chetty, Chairman, The Madras Industrial Investment Corporation Ltd. Royapettah, Madras to the Secretary to Government, Development Department, Madras.

****

Sub: The Industrial Finance Corporation of India, New Delhi
Stamp duty in respect of deeds executed-Regarding-

****

Please refer to my letter No.11/49 dated 9th November 1949 regarding the above subject.

I have not so far received any communication from the Government regarding their final decision on the issue raised. In my communication to you under reference I stated as my personal opinion that I would myself be inclined to refuse the request under the present circumstances. I have been thinking about this matter since then, and I now feel that there is a case for favourable consideration of the request in question by the Government of Madras. I find that the heavy stamp duty involved is a serious burden on industries which seek advances from the Madras Industrial Investment Corporation. As referred to in my letter under reference, the Madras Government are at present giving a concession in respect of loans advanced under the Madras State Aid to Industries Act. Since this Corporation is really intended to give the industries the benefits of that Act, it is reasonable to expect that the same concession in the matter of stamp duty should be extended to loans advanced by this Corporation.

3. On a reconsideration of the whole subject, I would now recommend that the concession in the matter of stamp duty now given for loans advanced by Government under State Aid to Industries Act should be extended to loans advanced by this Corporation. I shall be obliged for an early decision by the Government on this subject.

- True copy-

RR.7.8

Copy of letter No.L.A.Misc./5/50-14492 dated 4th May 1950 from the Managing Director, Industrial Finance Corporation of India, Parliament House, Council House, New Delhi, to the Secretary to Government, Development Department, Madras.

************

Re: The representation of Shri R. Suryanarayana Rao, M.L.C. Madras for the reduction of the stamp duty payable on the documents evidencing the security taken by the Corperation.

---

With reference to your letter No.99653 P & D III/49-7 dated the 21st April, 1950 we have to advise that the proposal to exempt from the stamp duty documents executed in respect of the loans granted by the Corperation has not been accepted by the Central Government.

- True copy-

RR.7.8

Copy of letter No.98858 P & D III/49-9 dated 31-5-50 from the Secre. Development Department, Government of Madras, to the Chairman, The Madras Industrial Investment Corporation Limited, 38. Whites Road. "Kesava Bagh" Royapettah, Madras-14

******

Sub: The Madras Industrial Investment Corporation Ltd. Stamp duty in respect of documents executed in favour of - Reduction -

Ref : Your Lr.No.11/49 dated 3-5-50.

I am directed to state that the Government of India have declined to accept the suggestion of Sri R. Suryanarayana Rao, M.L.C to reduce the stamp duty chargeable on documents executed in respect of loans granted by the Industrial Finance Corporation of India. As both the Industrial Finance Corporation of India and the Madras Industrial Investment Corporation Limited are functioning side by side in this State, it is considered that it will not be desirable to introduce any concession in the matter of stamp duty in the case of documents executed on respect of loans granted by the Madras Industrial Investment Corporation Limited. The Government of Madras have, therefore decided to drop the proposal to reduce stamp duty in respect of documents executed in favour of Madras Industrial Investment Corporation Limted for loans advanced by them to industries.

- True copy-

RR.7.8

Copy of letter No.G.F.8 dated 3-1-1951 from the Secretary, The Madras Industrial Investment Corporation Limited, 38.Whites Road, Mayapettah, Madras. to the Secretary to Government, Development Department, Madras.

***

Sub: Stamp Duty in respect of Documents executed in favour of the Corporation -Reduction.

I refer yout to the correspondence between us resting with your letter No.99653 P & D III/49-9 of the 31st May 1950. The subject was considered by the Board at the meeting held on 29th December and they have passed the following resolutions:-

" The Board endorses the views expressed by the Chairman in his letter No.11/49 d/3rd May,1950 addressed to the Secretary to Government, Development Department and strongly urges that the concession in respect of stamp duty now given for loans advanced by Government under State aid should be e xtended to loans advanced by this Corporation. as this will be a form of substantial State Aid which any Government can give"

I shall be obliged if you take early action in the matter.

/True copy/

RR.7.8

Copy of letter No.1805 P & D III/52-2 dated 4-2-51 from the Secretary to Government, Development Department, Madras. to the Secretary, The Madras Industrial Investment Corporation, "Kesava Bagh" No.38.Whites Road, Royapettah, Madras

****

Sub: Stamp duty in respect of documents executed in favour of the Madras Industrial Investment Corporation Limited- Reduction.

Ref: Your letter No.G.F.S.dated 3-1-51.

6

I am directed to state that the Government do not consider it necessary at present to re-open the question of reducing the stamp duty in respect of documents executed in favour of the Madras Industrial Investment Corporation Limited for loans advanced by them to industries.

- True copy-

RR.S.S

K. Shankar 11.8.53
K.V. Ambujalakshmi

Superintendent.

SUMMARISING NOTE

After a study of the first annual report of the Industrial Finance Corporation of India, New Delhi, Sri R. Suryanarayana Rao, M.L.C. represented to the Industrial Finance Corporation of India that in respect of documents executed in favour of the Corporation, especially the mortgage deeds, the quantum of stamp duty payable will be considerable and that many industries helped by the Corporation being in the formative and expanding stage, will find it very difficult to pay large sums towards the stamp duty. He therefore requested the Managing Director of the I.F.C. of India to take up this matter with the Government of India to reduce the stamp duty in respect of deeds executed in favour of the Coporation. In this connexion, Sri R. Suryanarayana Rao pointed out the concession granted by this Govt. viz. the reduction in stamp duty to one third in respect of mortage deeds executed in respect of loans advanced under the Madras State Aid to Industries Act, 1922, and requested the Industrial Finance Corporation of India to take up this question and examine whether similar concession may not be granted for loans advanced by them especially in respect of this Province. In this connection, it was considered whether the concession of reducing the stamp duty may be extended in respect of the documents executed in favour of the Madras Industrial Investment Corporation, Ltd. for loans advanced by them to Industries. The remarks of the Chairman, M.I.I.C. Ltd were invited in the matter and they will be found on pp.5-6- c.f. The Chairman was personally of the view that Industrial concerns must bear the normal stamp duties involved in the execution of a mortgage and that it is for the Government to decide whether they wish to help industries by giving a concession in this matter, with reference to the general financial position of the Govt. He is however of the opinion that in view of the fact that the Govt. have reduced the stamp duty in respect of loans advanced under the Madras State Aid to Industries Act, there is a strong case for extending the concession in the case of loans advanced by the Madras Industrial Investment Corporation also.

2. Finance Department pointed out that the Govt, have already incurred a heavy loss of revenue in granting the concession in G.O.Ms.2256, Rev. dated 30-8-49 in respect of mortgage deeds executed in respect of loans advanced under the Madras State Aid to Industries Act, 1922, They considered that this is not an appropriate time for making proposals which involve further loss of revenue to the Govt. They therefore suggested that this Govt. need not proceed in advance of other Provincial Govts. in this matter and that the reactions of the Govt. of India on the representations of Sri R. Suryanarayana Rai may be awaited.

3. The Industrial Finance Corporation of India have now stated that the proposal to exempt from the stamp duty documents executed in respect of the loans granted by them has not been accepted by the Government of India. The reasons for this decision are not, however, mentioned. The Chairman, M.I.I.C. Ltd. now feels that there is a case for favourable consideration of the request for reducing the stamp duty in respect of the documents executed in favour of the M.I.I.C. Ltd for loans advanced by them to industries, as in the case of loans granted under the M.S.A.I.Act in view of the fact that the heavy stamp duty involved is a serious burden on industries which seek advances from the M.I.I.C.Ltd. The Central Government have refused to accept the proposal to exempt from the stamp ~~duty~~ duty documents executed in respect of loans granted by the Industrial Finance Corporation of India which is granting loans in this State also. This Department therefore considered that it will not be desirable to introduce any concession in the matter of stamp duty in the case of documents executed in respect of loans granted by the M.I.I.C.Ltd. as suggested by the Chairman of the Corporation, as both the I.F.C. of India and the M.I.I.C. Ltd. are functioning here side by side. This Dept. therefore consider that the proposal to reduce stamp duty in respect of documents executed in favour of M.I.I.C. Ltd. for loans advanced by them to industries may be dropped. Finance Department have also concurred with the view. It is therefore for consideration whether the matter may be dropped.

superintendent

xxx xx xxx

Z | H.M.(Ind)

May be dropped.

Sd/....
26-5-

Orders above. The decision may, perhaps, be communicat to the Chairman, The M.I.I.C,. Ltd. with reference to his let on pp.15-17 3-4 C.F. Draft letter is put up. After issue. the papers may be recorded.

Sd/xxxxxx
31-3-50

G.O.Ms.No.2184 Dated 31-5-50.

The M.I.I.C. Ltd.- Stamp duty on mortage deeds executed in respect of loans advanced by the M.I.I.C.Ltd. Reduction- Exam - Papers-Recorded-

- Truecopy-

Superintendent.

RR.8-8

K. Shankara 11.8.53.
K.V. Ambujakshi